

MINUTES

COMMISSION ON LOCAL GOVERNMENT

Regular Meeting

10:00 a.m., September 10, 2007

Members Present

Kathleen K. Seefeldt, Chairman
Frances M. Parsons, Vice Chairman
John G. Kines, Jr.
Vola T. Lawson

Members Absent

Harold H. Bannister, Jr.

Others Present

Susan Williams, Local Government Policy Manager
Steve Ziony, Principal Economist
Matthew Bolster, Senior Policy Analyst
Barbara Johnson, Administrative Assistant

Call to Order

The Chairman called the meeting to order at 10:04 a.m., September 10, 2007 in the Board Room of the Department of Housing and Community Development (DHCD) at the Jackson Center in Richmond, Virginia.

I. Administration

A. Approval of Minutes of Regular Meeting of July 16, 2007

The minutes of the Commission's regular meeting of July 16, 2007 were approved without amendment.

B. Senior Policy Analyst Introduction

Ms. Williams introduced Mr. Matthew Bolster, who began work as the Commission's senior policy analyst on this day. Ms. Williams highlighted Mr. Bolster's 14 years of experience in various facets of urban planning as well as his educational background. Ms.

Williams commented that, with Mr. Bolster's hiring, the Commission is now fully staffed for the first time in one year. Ms. Williams and the members welcomed Mr. Bolster to the Commission staff.

C. Public Comment Period

The Chairman opened the floor to receive comments from the public. No person appeared to testify before the Commission during the public comment period.

D. Presentation of Financial Statement for August 2007

Ms. Williams distributed to the members an internally produced financial statement that encompassed expenditures through the end of August 2007. Ms. Williams stated that the financial report covered 16.67 percent of Fiscal Year 2008, and that Commission expenditures for that two-month period represented 15.74% of the total amount budgeted for the current fiscal year. The members unanimously accepted the report for filing.

E. Local Government Policy Manager's Report

1. Follow-Up Regarding Commission on Local Government Letterhead

Ms. Williams reminded the members that, at their May 14 regular meeting, Mrs. Lawson requested that staff explore the feasibility of obtaining letterhead specific to the Commission on Local Government. Ms. Williams described the letterhead used by other boards affiliated with DHCD. Mrs. Lawson then made a motion to obtain letterhead with the name of the Commission appearing under the name of the Department but without members' names, which motion was seconded and passed unanimously by the Commission.

2. Potential Interlocal Issues

Ms. Williams informed the members that the Town of Leesburg and the County of Loudoun have formed a Joint Annexation Area Development Policies Committee. The

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Committee's most recent meeting was held on July 12, 2007 in order to address procedural aspects for annexing additional land located around the airport and south of the town into the Town of Leesburg. Subsequent to the meeting, Ms. Williams responded to a request for information from a Senior Planner with the Loudoun County Department of Planning. In addition, Ms. Williams indicated that she was contacted by Mr. Carter Glass, representing the Town of Leesburg, concerning the potential annexation action. In particular, Mr. Glass inquired as to whether Ms. Williams anticipates changes to the submission requirements in connection with VAC50-20-540 element 19, which addresses: "[t]he terms and conditions upon which the municipality proposes to annex, its plans for the improvement of the annexed territory during the 10-year period following annexation, including the extension of public utilities and other services, and the means by which the municipality shall finance the improvements and extension of services." Ms. Williams indicated to Mr. Glass that she does not anticipate changing the requirements from past practices at this time but reiterated that Commission staff or members may request additional information if what is provided in the original submission is found to be insufficient or does not satisfactorily address the element.

Next, Ms. Williams informed the members that she recently responded to an information request from a Round Hill Planning Commissioner, who indicated that the Town of Round Hill, which is located in Loudoun County, is beginning to consider an annexation proposal.

Ms. Williams then indicated that there is no new information regarding the Town of Christiansburg – County of Montgomery voluntary economic growth-sharing agreement or their boundary line adjustment by agreement, which were discussed at the July meeting.

Finally, Ms. Williams informed the members that Mr. Carter Glass, representing the Town of Stuart, recently indicated to her that the Town of Stuart – Patrick County revenue sharing agreement should be coming to the Commission for review in the near future.

3. Meeting Per Diem

Ms. Williams explained that it was necessary for Mrs. Seefeldt to travel to Richmond on September 9 in order to attend the Commission meeting on this day, and she read aloud the portion of the Commission's policy on compensation and reimbursement pertaining to overnight official business travel. Mrs. Lawson made a motion to approve per diem for Mrs. Seefeldt for September 9, which motion was seconded and approved unanimously by the Commission. In summation, Ms. Williams stated that, in accordance with the Commission's policy on compensation and reimbursement, per diem will be paid to Mrs. Seefeldt and to Mrs. Parsons for September 9 and per diem will be paid to Mrs. Seefeldt and Mrs. Parsons as well as all other members present for their service to the Commonwealth on September 10, 2007.

4. Other

Ms. Williams then updated the Commission on various other staff activities. She indicated that, to date, 18 of the 21 Planning District Commissions (PDCs) had submitted their annual reports, which were due on September 1. As staff reviews the annual reports, staff prepares FY08 contracts for presentation to the PDCs.

Ms. Williams indicated that staff attended the National Association of Counties Annual Conference in Richmond on July 16 and 17 and the Virginia Association of Planning District Commissions Annual Conference held in Virginia Beach on July 18 – 20. In addition, on July 24, staff attended a one-day transportation and land use summit to explore the land use aspects of HB 3202.

Next, Ms. Williams explained that staff recently responded to the following notable requests for information: (1) a request from Sands Anderson Marks and Miller for transcripts from the Town of Big Stone Gap – Wise County Annexation in 2002 and the Town of Cape Charles – Northampton County Annexation Action in 1990; (2) a request from the Town of Elkton Clerk of Council for the transcript of the Commission’s oral presentations and public hearing on the Town of Elkton – Rockingham County Agreement Defining Annexation Rights in July 2003; and (3) a request from Legal Counsel for Paramount Manufacturing LLC in Abingdon for maps submitted as exhibits in the Town of Abingdon – Washington County Annexation Action in November 1985. Ms. Williams explained that these requests were significant in terms of staff time expended because, in each case, the requested documents had been archived to the Library of Virginia, which places stringent restrictions on the retrieval and handling of such documents.

Finally, Ms. Williams announced that the current issue of *Virginia Review* contains the anticipated article regarding the Commission. She indicated that staff plans to obtain copies for the members.

III. Catalog of State and Federal Mandates on Local Governments

A. Staff Update

Ms. Williams indicated that significant research has been conducted to identify new and previously unidentified state and federal mandates for the 2007 version of the catalog. Ms. Williams explained that, during this process, she discovered that the Commission customarily conducts an annual survey of all state agencies with responsibility for administering mandates. She further explained that the purpose of the annual survey is to ask each agency to review for accuracy the draft catalog abstracts for the mandates it administers; to indicate which, if any, of

the mandates have been eliminated; to identify any new or previously unidentified mandates that it will administer; and to confirm or provide an agency point of contact.

Ms. Williams stated that the 2007 survey was e-mailed on August 20 to the 49 state agencies that currently administer mandates with a due date of September 10. Ms. Williams indicated that, to date, she has received survey responses from only 18 of the 49 agencies. Ms. Williams explained that staff will follow up with each agency as necessary to receive their input.

Ms. Williams indicated that she has now verified and made the changes recommended in the agencies' responses to the 2006 survey. Commission staff will next receive and verify changes proposed by state agencies in their responses to the 2007 survey and make changes to the abstracts as appropriate.

Ms. Williams stated that letters requesting similar input from VACo and VML were mailed to their respective executive directors on August 20. Ms. Williams said that these letters also provided an update on the anticipated changes to the assessment process and, pursuant to the Commission's direction at the July meeting, requested the opportunity for the Commission to address both organizations regarding these changes at their 2008 annual conferences or other appropriate occasion.

Ms. Williams indicated that the draft 2007 catalog of state and federal mandates imposed on local governments will be presented to the Commission at their November 5 regular meeting.

IV. Assessment of State and Federal Mandates on Local Governments

A. Staff Update

Ms. Williams informed the members that Commission staff and DHCD continue to work with the Office of the Governor to establish the new policies and procedures for agency assessment of the state and federal mandates imposed on local governments.

Ms. Williams explained that, in the meantime, Commission staff is working with other DHCD staff to establish the interactive website recommended by the Mandates Assessment Task Force and approved by the Commission. Ms. Williams indicated that DHCD staff received training last month on Share Point Portal – the software that will be used to create the website – and that the software will be installed soon. Ms. Williams indicated that a test site is expected in two months or less.

Ms. Williams then announced that the Listserv, also recommended by the Mandates Assessment Task Force and approved by the Commission, is now operational and will initially be publicized via e-mail directed to state agencies, VML, VACo, and the Planning District Commissions. Mr. Kines requested that the Virginia Local Government Management Association (VLGMA) also receive the initial e-mail announcement.

Ms. Williams explained that the Listserv will permit state agencies, local governments and relevant interest groups to exchange information, make inquiries and engage in dialogue regarding state and federal mandates currently imposed on local governments as well as mandates that are being proposed.

Ms. Williams then provided the Listserv address where individuals will go in order to join the list: <http://listva.lib.va.us/archives/CLG-INFO.html>. Ms. Williams added that the Listserv was created by the Library of Virginia through a free service available to state agencies.

V. Survey of Cash Proffers

A. Staff Update

Ms. Williams reminded the members that, in early July, the Commission's annual survey of cash proffers was mailed to all counties (88) and cities (36) eligible to accept cash proffers as well as to the 29 towns eligible to accept cash proffers that also have a population in excess of

3,500 – for a total of 153 surveys. While 281 localities, including 157 towns, are now eligible to accept cash proffers, eligible towns with a population of less than 3,500 are exempt from the annual survey. Ms. Williams stated that the completed survey instruments are due back to the Commission by September 28. Ms. Williams indicated that, to date, the Commission has received a total of 99 surveys – 22 from localities that accepted cash proffers during FY 2007 and 77 from localities that did not accept cash proffers during that time period.

A brief discussion ensued during which Ms. Williams explained that the current cash proffer survey instrument asks eligible localities to provide only such information as is required of them pursuant to the *Code of Virginia*. Mr. Kines suggested and there was consensus among the members present that, next year, it would be advantageous to modify the survey instrument to collect additional information relevant to proffers accepted by localities and, further, for staff to analyze cash proffer data across time.

Ms. Williams then stated that this year's draft report on the collection and use of cash proffers by local governments will be presented to the Commission at its November 5 meeting and explained that the *Code of Virginia* requires that the Commission submit its annual report to the public and the Chairmen of the House Committee on Counties, Cities and Towns and the Senate Committee on Local Government by November 30, 2007.

VI. State and Local Government Finances: A 50 State Profile (FY 2005)

A. Staff Update

Mr. Ziony explained that the Commission began its annual review of state and local government finance data in the late 1990's after the American Council on Intergovernmental Relations discontinued its annual review of such data. Mr. Ziony indicated that the annual review is important in order to place the Commission's intra-state analyses of fiscal stress among

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Virginia's communities within the ambit of national data on public finance at the state and local levels.

Mr. Ziony stated that, to date, the Commission has produced five reports that show, by fiscal dimension and level of government, own-source general revenue and direct general expenditures (a) on a per capita basis, (b) as a percentage of personal income, and (c) in relative impact terms for the nation at large. Mr. Ziony explained that the most recent statistical survey rests upon six spreadsheets that display 204 computed and rank score variables linked to three funding measures and seven outlay variables. He stated that these indicators have been derived from two master files of the U.S. Census Bureau that cover the government finance characteristics of the 50 states and their respective localities during FY 2005.

Mr. Ziony explained that, in this context, own-source general receipts encompass collections from taxes, current charges, and miscellaneous funding bases (e.g., property sales, special assessments, interest-bearing deposits, and land use fees). He indicated that the scope of these revenues does not extend to any amounts generated by intergovernmental transfer payments or by liquor stores, utilities, and insurance trust funds falling within the proprietary control of a given state or locality. Mr. Ziony explained that direct general expenditures reflect all operating and capital outlays except intergovernmental transfer payments and direct disbursements relative to publicly controlled liquor stores, utilities, and insurance trust funds. Mr. Ziony stated that, for these purposes, the expenditure dimension embraces the categories of governmental administration, educational services, social services and income maintenance, transportation, public safety, environment and housing, and miscellaneous functions.

Mr. Ziony next presented a series of tables containing data for Virginia and its five neighboring states (Kentucky, Maryland, North Carolina, Tennessee, and West Virginia). Table

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1 revealed that state and local revenue per capita amounted to \$5,435.48 in Virginia across FY 2005. Mr. Ziony indicated that, during that year, the median, or midpoint, statistic for the 50 states was \$5,145.58 so that the per capita amount registered by the Commonwealth exceeded the central-tendency value relative to the nation as a whole by 5.63%. Mr. Ziony explained that this exhibit demonstrates that Virginia ranked 18th in state and local revenue gauged on a per capita basis.

Mr. Ziony indicated that Table 2 shows that, in FY 2005, the state and local revenue of Virginia represented 15.23% of its personal income, but the national median statistic was 16.48% for aggregate tax and non-tax collections relative to income. Accordingly, Mr. Ziony explained, Virginia's revenue effort level trailed the central-tendency score for the 50 states by 7.56%. Mr. Ziony then stated that the Commonwealth ranked 39th in the national data series.

Mr. Ziony indicated that, as Table 4B demonstrates, with respect to state and local expenditures per capita, Virginia registered a total of \$6,008.18 during FY 2005 and that the median value across the 50 states reached \$6,218.14. Mr. Ziony explained that, consequently, the expenditure burden of the Commonwealth lagged behind the midpoint statistic for the nation at large by 3.38%, and Virginia's ranking among the 50 states was 32nd. Mr. Ziony explained that Table 5B demonstrates that, in FY 2005, state and local outlays constituted 16.83% of income within Virginia and that the national median statistic reached 20.26%. Mr. Ziony explained that the Virginia percentage understated the midpoint value for the U.S. as a whole by 16.93%, and the Commonwealth ranked 46th on the 50-state scale in terms of the ratio of expenditures to income.

A brief discussion ensued regarding Mr. Ziony's report, during which the members spoke in general terms about the future of Virginia's localities and the impact of the Dillon Rule versus the Home Rule on local government finances.

VII. Scheduling of Meetings

The Commission confirmed that its next regular meeting will take place on Monday, November 5, 2007 at the DHCD offices in Richmond. In addition, the Commission confirmed that its regular January meeting will take place on Monday, January 14, 2008 at the DHCD offices in Richmond. Finally, the members briefly discussed the upcoming VML and VACo annual conferences.

VII. Adjournment

The meeting was adjourned at 11:36 a.m.

Kathleen K. Seefeldt
Chairman

Susan B. Williams
Local Government Policy Manager